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Financing of the United Nations Mission in Ethiopia and Eritrea

Revised budget for the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2008 to 30 June 2009

Report of the Advisory Committee on Administrative and Budgetary Questions

Initial appropriation 2008/09	$100,367,400
Revised estimates submitted by the Secretary-General for 2008/09	$37,016,400
Revised recommendation of the Advisory Committee for 2008/09	$37,016,400

I. Introduction

1. The Advisory Committee has considered the proposed revised budget for the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2008 to 30 June 2009 (A/63/546 and Corr.1). During its consideration of the report, the Committee met with the Chief of Mission Support of UNMEE and other representatives of the Secretary-General, who provided additional information and clarification.

2. The proposed revised budget is submitted in view of the termination of the Mission's mandate, effective 31 July 2008 (see Security Council resolution 1827 (2008)). The initial budget of the Mission for 2008/09, which amounted to $100.4 million, was approved by the General Assembly in its resolution 62/259. In that resolution, the Assembly decided to apportion half of that amount, or $50.2 million, subject to the extension of the Mission's mandate by the Security Council, and to assess an amount of $8.7 million on Member States for the Mission for the period from 1 to 31 July 2008. The Assembly also requested the Secretary-General to submit a report on progress in the implementation of the budget no later than November 2008 in order to provide for a revised appropriation and a further assessment, if required. The report of the Secretary-General is submitted in response

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to that request. It proposes updated financial and human resources requirements taking into account the liquidation of the Mission during the period from 1 August 2008 to 31 January 2009.

3. The documents used by the Advisory Committee in its consideration of the financing of UNMEE are listed at the end of the present report.

II. Information on performance for the current period

4. The Advisory Committee was informed that, as at 31 August 2008, a total of $1,304,840,000 had been assessed on Member States in respect of UNMEE since its inception in July 2000. Payments received as at the same date amounted to $1,287,256,000, leaving an outstanding balance of $17,584,000. As at 30 November 2008, the cash position of the Mission was $2.6 million. The liabilities of the Mission and credits to Member States amount to $31.4 million, leaving a shortfall of $28.8 million. Details of the updated financial position are provided in annex I below.

5. The Advisory Committee was informed that a total of $11,933,000 had been paid to Member States for troop costs from 1 January to 31 October 2008, with an amount of $315,000 outstanding as at 30 September 2008. With regard to contingent-owned equipment, $8,097,000 had been paid to Member States from 1 January to 31 October 2008,, while the amount still owed was $599,000. Claims for contingent-owned equipment have been certified up to 31 October 2008. Since the inception of the Mission, death and disability compensation in the amount of $574,000 has been paid for 40 claims, unliquidated obligations amount to $157,000 and 3 claims remained outstanding as at 31 October 2008. **The Advisory Committee expects that the outstanding claims will be settled expeditiously.**

6. The Advisory Committee was informed that, as at 24 November 2008, the actual and planned incumbency for UNMEE for the period from 1 July 2008 to 31 January 2009 was as follows:

Table 1
Actual and planned incumbency for the period from 1 July 2008 to 31 January 2009

		Encumbered					*Planned incumbency*
	Authorized[a]	*31 July*	*31 August*	*30 September*	*31 October*	*24 November*	*January 2009*
Military observers	230	71	38	10	—	—	—
Military contingent personnel	1 470	239	196	90	—	—	—
Total, military	**1 700**	**310**	**234**	**100**	—	—	—
Posts							
International staff	176	138	131	115	108	99	92
National staff	219	193	163	155	130	110	89
General temporary assistance							
International staff	1	1	—	—	—	—	—
National staff	—	—	—	—	—	—	—
United Nations Volunteers	68	55	49	49	38	38	24
Total, civilian	**464**	**387**	**343**	**319**	**276**	**247**	**205**

[a] Representing the highest authorized strength for the period.

7. The Advisory Committee was provided with updated expenditure data for the current period, including actual expenditure as at 14 November 2008 and total expenditure projected to 31 January 2009 (see annex II). Actual expenditure for the period as at 14 November 2008 amounted to $21,219,500 gross ($20,594,800 net), while the total projected expenditure to 31 January 2009 is estimated at $37,016,400 gross ($35,905,000 net).

III. Proposed revised budget for the period from 1 July 2008 to 30 June 2009

A. Resource requirements

8. The Secretary-General's proposed revised budget for UNMEE for the period from 1 July 2008 to 30 June 2009 amounts to $37,016,400 gross ($35,905,000 net). In view of the termination of the Mission's mandate on 31 July 2008, the proposed revised budget provides for the phased repatriation of 83 military observers, 242 military contingent personnel, 143 international staff (including 1 temporary Field Service position) and 60 United Nations Volunteers and the separation of 193 national staff, as well as for the administrative liquidation of the Mission during the six-month period from 1 August 2008 to 31 January 2009.

9. As indicated in paragraph 6 of the report of the Secretary-General, the revised budget takes into account the temporary relocation and subsequent repatriation to their home countries of the Mission's military contingent personnel, which commenced during the 2007/08 financial period owing to restrictions imposed on

UNMEE by the Eritrean authorities. Pursuant to the exchange of letters between the Secretary-General and the President of the Security Council (S/2008/368 and S/2008/427), the temporarily relocated military contingent personnel are considered as having been repatriated effective 5 June 2008. The revised budget also reflects the actual incumbency of the approved international and national staff posts as at 30 June 2008.

10. The Advisory Committee notes from paragraph 11 of the report of the Secretary-General (see also table 1 above) that all military personnel were repatriated and the administrative closing of substantive offices was completed by 31 October 2008. Most of the substantive personnel were also repatriated, and there remained 108 international staff, 130 national staff and 38 United Nation Volunteers to support liquidation activities. The Committee further notes that a substantive team needs to be maintained until the planned completion of the Mission's administrative liquidation on 31 January 2009 in order to address and resolve difficulties in the liquidation activities requiring interaction with the senior officials of both countries (see para. 15 below). As from 1 October 2008, the team is being led by the Deputy Special Representative and includes a Head of Office (D-2), a Political Affairs Officer (P-4), 1 General Service staff and 2 national General Service staff.

11. The revised cost estimates amount to some $37 million, representing a reduction of 63.1 per cent from the initial apportionment of $100.4 million. The decrease is due primarily to reduced requirements as follows:

(a) $35.9 million under military personnel owing to the repatriation of all military personnel by 31 October 2008;

(b) $10 million under international staff, national staff and United Nations Volunteers owing to the phased reduction of the Mission's staffing establishment and the subsequent administrative liquidation of the Mission;

(c) $17.5 million under operational costs, comprising reductions under most objects of expenditure, owing to the termination of the mandate and its subsequent administrative liquidation. The reductions are partially offset by increased requirements for the transportation of United Nations-owned equipment within and outside the Mission area.

12. It is proposed that training be provided to a total of 563 staff members (6 international and 557 national) to enhance substantive and technical competencies (paras. 37 and 38), in particular capacity-building of national staff, as well as continuing refresher training for international staff in technical areas. The primary objectives of the training programme are to facilitate employment prospects of staff upon the completion of the Mission's administrative liquidation and to facilitate their reassignment to other peacekeeping missions. In this connection, the Advisory Committee was informed that the Mission is working with the Department of Field Support at Headquarters to ensure that staff who have offers from other missions remain at UNMEE until they are required for completion of the liquidation process. Upon enquiry, the Committee was provided with additional information on the destinations of international staff (see annex III). **In view of the extraordinary circumstances faced by the Mission, with little advance notice being given of the termination of the mandate and a limited time frame to complete all liquidation activities (see para. 13 below), the Committee welcomes the Mission's proactive**

approach in planning for its human resources requirements during the liquidation phase, as well as in facilitating the reassignment of international staff to other field missions and in improving the employment prospects of national staff.

B. Liquidation activities

13. The Advisory Committee notes the complex environment in which the Mission operates and the circumstances in which the administrative liquidation has to be completed. It was informed that the Mission had only a few days' notice that the mandate was to be terminated effective 31 July 2008. As indicated in paragraph 9 of the report of the Secretary-General, a range of pre-liquidation activities remained outstanding at the start of the liquidation period on 1 August 2008, including: (a) the repatriation of military personnel and contingent-owned equipment; (b) the closing of substantive offices and the repatriation of substantive staff; (c) the development of an asset disposal plan and the conclusion of agreements with the two host countries regarding the disposal of the Mission's assets; and (d) the development of a plan for the placement of substantive and support staff in other peacekeeping missions. As a result of the condensed liquidation process, more activities than usual will have to be accomplished during the six-month liquidation period, and a higher proportion of staff will be required until the liquidation is completed on 31 January 2009. In addition, the Committee notes that, given the Mission's operations in two countries, there are in effect two liquidation exercises and that the process is further complicated by the lack of flights between the two countries and the restrictions imposed by Eritrean authorities with respect to the issuance of visas for incoming staff and re-entry visas for Asmara-based staff.

14. With respect to the disposal of assets, the Advisory Committee was informed that a preliminary asset disposal plan had been finalized and that destinations had been agreed for assets that are to be retained for other peacekeeping operations. The destination of the other assets, including their sale or donation to the host countries, has yet to be decided. Upon enquiry, the Committee was provided with a breakdown of non-expendable assets and their destination, showing that as at 25 November 2008 approximately 16,000 assets with an inventory value of some $56 million (a depreciated value of approximately $19.6 million) were subject to disposal (see annex IV). In this connection, the Committee was also informed that serviceable demining equipment had been relocated to other missions (primarily the United Nations Organization Mission in the Democratic Republic of the Congo and the United Nations Mission in the Sudan) and that other equipment in Ethiopia that could not be moved cost-efficiently or were not required by other peacekeeping operations were offered to the Ethiopian Mine Action Office.

15. The Advisory Committee notes that discussions with the two host countries on the disposal of assets and other liquidation matters are under way. In paragraph 10 of his report, the Secretary-General described some of the impediments to the administrative liquidation process. The Committee was briefed on the difficulties encountered in clearing sites in Eritrea. It notes that some 80 per cent of the Mission's assets are located in Eritrea, at 10 sites in Asmara and more than 30 sites outside of Asmara. In this connection, the Committee notes that, in its resolution 1827 (2008), the Security Council called upon both countries to cooperate fully with the United Nations, including in the process of liquidation of UNMEE.

The Committee encourages the Secretary-General to continue discussions with the host countries and to intensify his efforts with a view towards resolving all outstanding matters in a timely manner.

16. **The Advisory Committee stresses the importance of adequate oversight during the liquidation phase and expects that the Office of Internal Oversight Services will coordinate closely with the Mission in this regard.**

C. Other matters

17. In its report on United Nations peacekeeping operations for the period from 1 July 2006 to 30 June 2007, the Board of Auditors had noted that "14 miscellaneous obligating documents totalling $0.55 million were without specific payees and that therefore the parties contracted could not be established". The Board had recommended that UNMEE strictly adhere to the requirements of financial rule 105.9 in relation to unliquidated obligations and improve its internal control procedures (A/62/5 (Vol. II), chap. II, para. 43 (b)). In section V of the report of the Secretary-General, which contains a summary of follow-up action taken to implement the recommendations of the Board of Auditors, UNMEE indicates that it ensures strict compliance with rule 105.9 and that it has introduced measures to ensure that invoices to be settled against miscellaneous obligations are certified by the concerned cost centre managers before disbursements are made. **The Advisory Committee notes the measures taken and requests that further information be provided to the General Assembly when it considers the proposed revised budget of UNMEE on any action taken with respect to the Board's findings regarding the 14 miscellaneous obligating documents for which the parties contracted could not be established.**

IV. Actions to be taken by the General Assembly

18. The actions to be taken by the General Assembly are set out in paragraph 61 of the report of the Secretary-General. The Assembly is requested:

(a) To reduce the appropriation of $100,367,400 approved by the General Assembly under the terms of its resolution 62/259 for the maintenance of the Mission for the 12-month period from 1 July 2008 to 30 June 2009 to the amount of $37,016,400;

(b) To reduce the amount of staff assessment income of $2,339,800 approved by the General Assembly under the terms of its resolution 62/259 for the maintenance of the Mission for the 12-month period from 1 July 2008 to 30 June 2009 to the amount of $1,111,400;

(c) Taking into account the amount of $8,750,833 already assessed on Member States under the terms of General Assembly resolution 62/259 for the Mission for the period from 1 to 31 July 2008, to assess the additional amount of $28,652,450 for the administrative liquidation of the Mission for the period from 1 August 2008 to 30 June 2009.

19. The Advisory Committee recommends approval of the Secretary-General's proposals.

Documentation

- Revised budget for the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2008 to 30 June 2009 (A/63/546 and Corr.1)
- Budget for the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2008 to 30 June 2009 (A/62/811)
- General Assembly resolution 62/259
- Security Council resolutions 1827 (2008), 1320 (2000) and 1312 (2000)
- Report of the Board of Auditors on United Nations peacekeeping operations (A/62/5 (Vol. II), chap. II)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report and proposed budget of the United Nations Mission in Ethiopia and Eritrea (A/62/781/Add.17 and Corr.1)

Annex I

Interim financial position of the United Nations Mission in Ethiopia and Eritrea as at 30 November 2008

(Thousands of United States dollars)

	Description	*Amount*
I.	**Cash assets**	**2 591**
II.	**Cash requirements (liabilities)**	
	Accounts payable to Member States	2 009
	Contributions or payments received in advance	3 137
	Unliquidated obligations, including prior-period obligations	6 812
	Inter-fund balances payable and other liabilities	1 870
	Subtotal	**13 828**
III.	**Cash shortfall (I less II)**	**(11 237)**
IV.	**Credits to Member States from the 2007/08 period**	
	Unencumbered balance	7 398
	Other income:	
	Interest income	1 892
	Other/miscellaneous income	356
	Cancellation of prior-period obligations	7 965
	Subtotal, other income	**10 213**
	Total, unencumbered balance and other income	**17 611**
V.	**Cash shortfall (III less IV)**	**(28 848)**

Annex II

Updated status of expenditures for the United Nations Mission in Ethiopia and Eritrea as at 14 November 2008

	1 July 2008 to 14 November 2008			Projected 15 November 2008 to 31 January 2009				
	Apportionment (1)	Total expenditure (2)	Unencumbered balance (3) = (1) - (2)	Expenditure (4)	Total expenditure including projected (5) = (2) + (4)	Estimated unencumbered balance as at 30 June 2009 (6) = (1) - (5)	Variance percentage (7) = (6) ÷ (1)	Reasons for variance
Military and police personnel								
Military observers	7,216.2	618.4	6,597.8	—	618.4	6,597.8	91.4	**Attributable to the repatriation of military observers**
Military contingents	34,259.6	4,511.7	29,747.9	413.0	4,924.7	29,334.9	85.6	**Attributable to the repatriation of military contingent personnel**
United Nations police	—	—	—	—	—	—	—	
Formed police units	—	—	—	—	—	—	—	
Subtotal	**41,475.8**	**5,130.1**	**36,345.7**	**413.0**	**5,543.1**	**35,932.7**	**86.6**	
Civilian personnel								
International staff	16,295.0	5,868.5	10,426.5	2,336.7	8,205.2	8,089.8	49.6	**Attributable to the phased repatriation of international staff**
National staff	1,636.3	515.4	1,120.9	291.8	807.2	829.1	50.7	**Attributable to the phased separation of national staff**
United Nations Volunteers	2,069.2	756.5	1,312.7	392.3	1,148.8	920.4	44.5	**Attributable to the phased repatriation of United Nations Volunteers**
General temporary assistance	119.5	10.3	109.2	—	10.3	109.2	91.4	**Attributable to the separation of an Administrative Assistant for the Conduct and Discipline Team by 31 July 2008**
Subtotal	**20,120.0**	**7,150.7**	**12,969.3**	**3,020.8**	**10,171.5**	**9,948.5**	**49.4**	
Operational costs								
Government-provided personnel	—	—	—	—	—	—	—	
Civilian electoral observers	—	—	—	—	—	—	—	
Consultants	—	—	—	—	—	—	—	
Official travel	676.7	109.0	567.7	118.6	227.6	449.1	66.4	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Facilities and infrastructure	11,892.3	2,502.7	9,389.6	1,205.1	3,707.8	8,184.5	68.8	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Ground transportation	2,883.9	261.8	2,622.1	389.5	651.3	2,232.6	77.4	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Air transportation	9,070.5	2,875.9	6,194.6	1,093.7	3,969.6	5,100.9	56.2	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Naval transportation	—	—	—	—	—	—	—	
Communications	3,058.1	726.3	2,331.8	40.7	767.0	2,291.1	74.9	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Information technology	953.5	268.7	684.8	—	268.7	684.8	71.8	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Medical	1,044.4	24.4	1,020.0	66.8	91.2	953.2	91.3	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Special equipment	501.6	26.0	475.6	—	26.0	475.6	94.8	**Attributable to the termination of the Mission's mandate and administrative liquidation of the Mission**
Other supplies, services and equipment	8,690.6	2,143.9	6,546.7	9,448.7	11,592.6	(2,902.0)	(33.4)	**Attributable to increased requirements for the transportation of United Nations-owned equipment to the United Nations Logistics Base at Brindisi**
Quick-impact projects	—	—	—	—	—	—	—	
Subtotal	**38,771.6**	**8,938.7**	**29,832.9**	**12,363.1**	**21,301.8**	**17,469.8**	**45.1**	
Gross requirements	**100,367.4**	**21,219.5**	**79,147.9**	**15,796.9**	**37,016.4**	**63,351.0**	**63.1**	
Staff assessment income	**2,339.8**	**624.7**	**1,715.1**	**486.7**	**1,111.4**	**1,228.4**	**52.5**	
Net requirements	**98,027.6**	**20,594.8**	**77,432.8**	**15,310.2**	**35,905.0**	**62,122.6**	**63.4**	
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	
Total requirements	**100,367.4**	**21,219.5**	**79,147.9**	**15,796.9**	**37,016.4**	**63,351.0**	**63.1**	

Annex III

Summary of international staffing at the United Nations Mission in Ethiopia and Eritrea as at 24 November 2008

	Substantive	*Security*	*Support*	*Total*
International staff strength as at 31 July 2008	28	18	92	138
United Nations Volunteers recruited as International Staff since July	—	—	2	2
Total	**28**	**18**	**94**	**140**
Staff having left since 31 July				
Reassigned to other missions				
United Nations Headquarters	1	—	—	1
United Nations Political Office for Somalia	4	—	—	4
United Nations Operation in Côte d'Ivoire	1	—	—	1
United Nations Stabilization Mission in Haiti	1	—	—	1
African Union-United Nations Hybrid Operation in Darfur	2	—	6	8
United Nations Mission in the Sudan	1	—	—	1
United Nations Assistance Mission in Afghanistan	1	—	—	1
Joint Mediation Support Team	1	—	—	1
United Nations Observer Mission in Georgia	—	3	—	3
United Nations Integrated Mission in Timor-Leste	—	2	1	3
United Nations Mission in the Central African Republic and Chad	—	—	3	3
United Nations Mission in Nepal	—	—	1	1
Subtotal	**12**	**5**	**11**	**28**
Returned to parent office	3	—	1	4
Declined offer and left UNMEE	2	—	—	2
Not placed and repatriated	3	—	—	3
Resigned and repatriated	—	—	4	4
Subtotal of staff having left	**20**	**5**	**16**	**41**
Currently in UNMEE				
Offer accepted and travel being arranged	2	—	14	16
Offer received; staff member to be released after liquidation	—	—	8	8
Offer received and being considered by the staff member	—	—	1	1
Offer declined; staff member still with UNMEE	—	—	1	1
Yet to receive an offer	6	13	54	73
Subtotal	**8**	**13**	**78**	**99**
Total	**28**	**18**	**94**	**140**

Annex IV

Breakdown and destination of non-expendable assets of the United Nations Mission in Ethiopia and Eritrea

As at 25 November 2008, approximately 16,211 asset items with an inventory value of approximately $56.2 million (depreciated value of approximately $19.6 million) were subject to disposal, as summarized below.

	Quantity	*Inventory value*	*Depreciated value*
1. Equipment for peacekeeping operations United Nations Mission in the Sudan and African Union-United Nations Hybrid Operation in Darfur	3 250	12 275 900	6 033 600
Department of Peacekeeping Operations/African Union Peace Support Team and African Union Mission in Somalia	275	649 600	427 600
Others	348	6 651 400	1 774 500
Subtotal	**3 873**	**19 576 900**	**8 235 700**
2. Equipment considered for donation			
Ethiopia			
Communications and Information Technology Section	419	364 400	30 800
Engineering	274	975 500	368 600
Subtotal	**693**	**1 339 900**	**399 400**
African Union	1 686	6 724 400	1 903 200
Subtotal	**2 379**	**8 064 300**	**2 302 600**
3. Equipment considered for transfer to other United Nations agencies/international organizations	810	2 509 100	767 800
4. Other equipment (destination to be finalized)	9 149	26 068 400	8 282 400
Total	**16 211**	**56 218 700**	**19 588 500**